

LEG. FINANCE - BILLS 1981 - 1982 1625

SB 139 - SB 140

1625

# COMMITTEE REPORT

## SENATE

2/16/81

FURTHER: None

Date: 2/26/81

Mr. President:

The Committee on FINANCE has had SB 139  
making a special appropriation to Dept. of Health, & Social Services for  
two positions at Fairbanks Northern regional laboratory

under consideration and (a majority of the committee) (the committee)  
reports it back with the following recommendations:

- do pass                      [ ] do not pass
- [ ] do pass with attached amendments(s)                      [ ] same title
- [ ] replace with CS for \_\_\_\_\_ [ ] new title
- and recommends \_\_\_\_\_
- [ ] AND attaches a "Letter of Intent"                      [ ] New Fiscal Note
- reports it back without <sup>INDIVIDUAL</sup> recommendation
- [ ] referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]  
[Signature]  
[Signature]  
   
   
   
   
   
   
 

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature] No Pass  
[Signature]  
   
   
   
 

[Signature]  
Do Pass CHAIRMAN

POSITION PAPER

Senate Bill No. 139

"An act making a special appropriation to the Department of Health and Social Services for two positions at the Fairbanks Northern Regional Laboratories and providing for an effective date."

SB No. 139 provides a special appropriation to cover the costs of a Microbiologist II and a Laboratory Assistant II in our Fairbanks Virology and Microbiology Laboratories and for travel monies to be used in the training of these positions.

In the preparation of the FY 81 operating budget we calculated that by eliminating certain workloads in the Fairbanks Laboratory we could reduce our staffing from 13.5 positions to 11.5. This workload reduction has not materialized. The majority of the water microbiology has been turned over to private laboratories. The Tuberculosis Program and Beta Strep Program have been transferred to our Anchorage Laboratory. This still has not reduced our workload to allow for the elimination of a Microbiologist II and a Laboratory Assistant II.

We are requesting that a sum of \$88,400 be appropriated for the salaries and associated costs of a Microbiologist II and a full-time Laboratory Assistant II. This sum is to be split in the following manner; \$18,700 for the last quarter of FY 81 and \$69,700 for FY 82.

It is recommended the following changes be made:

line 11 - change the sum of money (\$71,300) to \$88,400.

line 14 - add the following after "laboratory." "Of this sum \$18,700 is to be added to the FY 81 operating budget and \$69,700 is to be added to the FY 82 operating budget. These positions are to be part of the FY 83 Laboratories operating budget."

The Department supports the passage of Senate Bill No. 139 amended as recommended above.

Recommended by: David Bruce  
David Bruce, Deputy Director  
Division of Public Health

Date: February 11, 1981

Approved by: Helen D. Beirne  
Helen D. Beirne  
Commissioner

Date: 2/11/81

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 139  
 Title An Act making a special appropriation to the Department Health & Social Services  
 Requested by Commissioner's Office Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Department of Health & Social Services  
 Program Category Affected Health/Division of Public Health  
 BRU, Program, or Subprogram(s) Affected Laboratories  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	15.7	63.7	68.8	74.3	80.2	86.7
200 TRAVEL	3.0	6.0	6.5	7.0	7.6	8.2
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
<b>TOTAL</b>	<b>18.7</b>	<b>69.7</b>	<b>75.3</b>	<b>81.3</b>	<b>87.8</b>	<b>94.9</b>

FUNDING (Thousands of Dollars)

GENERAL FUND	18.7	69.7	75.3	81.3	87.8	94.9
FEDERAL FUNDS	0	0	0	0	0	0
OTHER (Specify Fund Source)	0	0	0	0	0	0
	18.7	69.7	75.3	81.3	87.8	94.9

POSITIONS

FULL TIME	2	2	2	2	2	2
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Assume an inflation rate of 8%.

IV. DATE \_\_\_\_\_ PREPARED BY David Bruce, Deputy Director  
 AGENCY Public Health  
 PHONE 465-3090  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

Funding Information  
General Fund \$71,300  
Other Funds -0-  
\$71,300

Introduced: 2/3/81  
Referred: Health, Education &  
Social Services and Finance

1 IN THE SENATE

BY PARR, FAHRENKAMP AND BENNETT

2 SENATE BILL NO. 139

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-  
7 ment of Health and Social Services for two positions  
8 at the Fairbanks Northern regional laboratory; and  
9 providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:..

11 \* Section 1. The sum of \$71,300 is appropriated from the general fund to  
12 the Department of Health and Social Services for the salaries and associated  
13 costs for a full-time microbiologist II and a full-time laboratory assistant  
14 II at the Fairbanks Northern regional laboratory.

15 \* Sec. 2. The unexpended and unobligated portion of the appropriation  
16 made by this Act lapses into the general fund June 30, 1982.

17 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
18 C70(c).

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Funding Information  
General Fund \$71,300  
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Introduced: 2/3/81  
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Funding Information  
General Fund \$71,300  
Other Funds -0-  
\$71,300

Introduced: 2/3/81  
Referred: Health, Education &  
Social Services and Finance

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BY PARR, FAHRENKAMP AND BENNETT

2 SENATE BILL NO. 139

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4 TWELFTH LEGISLATURE - FIRST SESSION

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ALASKA STATE LEGISLATURE



HOUSE OF REPRESENTATIVES

SB 139 file my bill

REPRESENTATIVE SALLY SMITH • 321 CHURCH STREET • FAIRBANKS, ALASKA 99701 • IN JUNEAU: POUCH V • JUNEAU, ALASKA 99811

March 12, 1981

SB  
file 139

Donald E. Thieman, M.D., President  
Fairbanks Medical Association  
1001 Noble Street  
Fairbanks, Alaska 99701

Dear Dr. Thieman:

Thank you for your letter stating your support for Senator Parr's bill (Senate Bill 139) providing for a special appropriation to fund two positions at the Fairbanks Northern regional laboratory.

Senate Bill 139 is in the House Health, Education, and Social Services Committee, pending hearing. On March 16 at 3:00 PM the HESS committee will consider this bill. I am sending HESS Chairman Donald E. Clocksin a copy of your letter. If you have additional input, I urge you to contact Representative Clocksin at Pouch V in Juneau, 99811. You may be assured that I support this bill, and will vote for it when it comes before the House.

Again, thanks for the input.

Sincerely,

Sally Smith  
Alaska State Representative

cc: Rep. Clocksin ✓  
Senator Parr ✓

# STATE OF ALASKA

## DEPT. OF HEALTH AND SOCIAL SERVICES

### DIVISION OF PUBLIC HEALTH

JAY S. HAMMOND, GOVERNOR

SECTION OF LABORATORIES  
POUCH H-06-D  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3140

January 20, 1981

Document# 3-81

Honorable Charles Parr  
Alaska State Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Parr:

During our conversation of December 5 we discussed the possibility of shifting laboratory staff positions from the Southeastern Regional Laboratory to the Northern Regional Laboratory. This action was being considered to alleviate workload problems in the Fairbanks laboratory which will occur when two laboratory staff positions are eliminated sometime in January. In response to this suggestion I have made a management survey of both laboratories to determine if this is a viable option.

Methods of determining workloads were those recommended by the Workload Measurement Committee of the Association of State and Territorial Public Health Laboratory Directors which is a national organization of Public Health Laboratory Directors. Using these methods all specimen numbers are converted into work time units which is a measure of the time required for a laboratorian to perform the needed test work. The advantage to this measure is that it allows one to compare different specimen types using a common unit of measure. Once individual work time units for specimen types have been determined these are multiplied by the total number of specimens in that category to give the total time devoted to a certain type of specimen. Table 1 shows the results of this analysis for all the Regional Laboratories. The Southeastern Regional Laboratory had a total of 80,616 work time units processed from July 1, 1980 to October 31, 1980. During this same time period the Northern Regional Laboratory had a total of 96,903 work time units. Table 2 shows the staff by category and gives workload staff ratios for the same period.

From this analysis it would appear that the Southeastern Regional Laboratory and the Northern Regional Laboratory have about the same work to staff ratios. Therefore shifting positions from Southeast to Northern Laboratory is not a viable option. I have also included in brackets the impact on these ratios in the event that layoffs in the Fairbanks facility occur in January. My concern is with the work load microbiology staffing ratio which will be at 48,451, a level which I feel is unacceptable.

Honorable Charles Parr

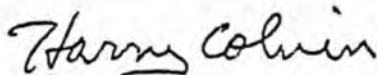
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January 20, 1981

For this reason I believe that reductions in laboratory services will be necessary unless funding for these position can be found and the positions restored to the laboratory budget in FY '82. Enclosed also is a table showing financial needs and position authorizations required if a supplemental appropriation is to be introduced. Equipment and travel costs were estimates requested by Representative Brian Rogers during a visit to the Northern Regional Laboratory in December.

Your concern and support for a most critical health support activity in Northern Region is appreciated and if I can be of any further assistance please advise.

Sincerely,



Harry J. Colvin, Ph.D.  
Chief, Section of Laboratories

Enclosures

cc: Representative Sally Smith

TABLE 1: Shows the major testing categories and the total number of Work Time Units<sup>1</sup> devoted to that activity from July 1, 1980 to October 31, 1980 in Regional Laboratories.

<u>TEST PROCEDURE</u>	<u>WORK TIME UNITS (minutes)</u>		
	SERL	NRL	SCRL
Serology	4,120	8,364	25,374
Diagnostic Microbiology	31,420	71,064	144,829
Parasitology	6,547	10,815	9,620
Food Microbiology	75	-0-	855
Water Microbiology	2,530	6,660	5,930
PSP	24,930	-0-	-0-
Water Chemistry	1,394	-0-	-0-
Survey Preparation <sup>2</sup>	<u>9,600</u>	<u>-0-</u>	<u>-0-</u>
TOTAL	80,616	96,903	186,608

<sup>1</sup> Work Time Unit = The time in minutes required for a microbiologist to complete a test procedure. Does not include time required for setting up, media reagent preparation, and clerical support for test procedures.

<sup>2</sup> Proficiency Testing Program for Syphilis Serology.

TABLE 2: Shows technical staff by category, total technical staff, and total WTU performed from July 1 to October 31, 1980, and various WTU/staff ratio for the Regional Laboratories.

POSITIONS:	SERL	NRL	SCRL
Micro. IV	.5	0	.5
Micro. III	1	1	1
Micro. II	1	2	4.5
Lab. Assistants	2	3	3
Clerical	<u>1</u>	<u>1.5</u>	<u>4</u>
TOTAL STAFF	5.5	7.5	13
TOTAL WTU (TWTU)	80,616	96,903	186,608

RATIOS:

TWTU/total Micro.	32,246	32,301	[48,451] <sup>1</sup>	31,101
TWTU/total Lab. Asst.	40,308	32,301	[48,451]	62,202
TWTU/total clerical	80,616	64,602	[64,602]	46,652
TWTU/total staff	14,657	12,920	[17,618]	14,354

<sup>1</sup> Numbers in brackets show the impact on workload/staff ratio in the event of layoffs of Micro. II and Lab. Asst. II positions.

Northern Regional Laboratory  
Financial Request Summary

FY '81

A. Authorize 24 months for two permanent full time positions, replacing the 24 months deleted from FY '81 final budget.	
B. Personnel (100):	
Projected Deficit	66.0
Equipment (500):	
Barnstead Still	5.3
IBM Typewriter	1.2
Laboratory Dishwashers	24.3
Refrigerator	.9
FA Microscope	12.5
	<hr/>
	44.2
20% Inflation	8.8
	<hr/>
	53.0
Travel (200)	
Training and Consultation:	5.0
	<hr/>
	124.0

FY '82

A. Authorize 24 months for two permanent full time positions, replacing the 24 months deleted from FY '81 final budget.	
B. Personnel (100):	
Micro. II and Lab. Asst. II	66.3
Travel (200):	
Training and Consultation	5.0
	<hr/>
	71.3

Historically, Alaska was divided into judicial districts during territorial days and district service areas evolved; i.e., Southeastern, Southcentral and Northern Regional areas. Laboratories were established and provided basic diagnostic support in each regional area. Statehood and the subsequent growth of the State's needs fostered a shift in each laboratory's services; some became specialized to meet specific regional changes. Today, quality bacterial diagnostic service is available via the private sector and a shift is again evident; i.e., regional Public Health Laboratories are shifting to providing training and reference service, and less basic diagnostic service.

The Northern Regional Laboratory is comprised of two units, a bacteriology unit which serves all communities north of the Alaska Range, and the Virology-Rabies Unit serving each of the three regions.

The Bacteriology Unit processes a variety of specimens (34,800 annually) and performs approximately 45,144 tests each year. The following represent special areas of function and distribution of work:

Streptococcal specimens	23%
Syphilis serology	33%
Venereal disease program	28%
Reference bacteriology	10%
Diagnostic parasitology	4%
Diagnostic enteric bacteriology	2%

The Virology-Rabies Unit had its inception as a State entity in 1974, and prior to this date was a part of the Arctic Health Research Center, USPHS. This unit provides diagnostic viral services to clinicians, State and Federal agencies, and State and Federal epidemiologists. The Unit establishes diagnostic procedures advising physicians and agencies on a state-wide basis concerning availability of services, and consultation on specific cases of viral infection. The VRU

continues to work cooperatively with other agencies via limited/applied research to meet present and the future needs of Alaska.

Finally, during 1980, 3,700 diagnostic viral specimens were processed, 6,039 tests performed, and 20,179 viral host systems used (cell culture, eggs, and mice). There were 234 animals surveyed for rabies, and 54 positive animals. One hundred seventy-six individuals were exposed, but only 24 required treatment.

## POSITION PAPER

Senate Bill No. 139

"An act making a special appropriation to the Department of Health and Social Services for two positions at the Fairbanks Northern Regional Laboratories and providing for an effective date."

SB No. 139 provides a special appropriation to cover the costs of a Microbiologist II and a Laboratory Assistant II in our Fairbanks Virology and Microbiology Laboratories and for travel monies to be used in the training of these positions.

In the preparation of the FY 81 operating budget we calculated that by eliminating certain workloads in the Fairbanks Laboratory we could reduce our staffing from 13.5 positions to 11.5. This workload reduction has not materialized. The majority of the water microbiology has been turned over to private laboratories. The Tuberculosis Program and Beta Strep Program have been transferred to our Anchorage Laboratory. This still has not reduced our workload to allow for the elimination of a Microbiologist II and a Laboratory Assistant II.

We are requesting that a sum of \$88,400 be appropriated for the salaries and associated costs of a Microbiologist II and a full-time Laboratory Assistant II. This sum is to be split in the following manner; \$18,700 for the last quarter of FY 81 and \$69,700 for FY 82.

It is recommended the following changes be made:

line 11 - change the sum of money (\$71,300) to \$88,400.

line 14 - add the following after "laboratory." "Of this sum \$18,700 is to be added to the FY 81 operating budget and \$69,700 is to be added to the FY 82 operating budget. These positions are to be part of the FY 83 Laboratories operating budget."

The Department supports the passage of Senate Bill No. 139 amended as recommended above.

Recommended by:

David Bruce  
David Bruce, Deputy Director  
Division of Public Health

Date:

February 11, 1981

Approved by:

Helen D. Beirne  
Helen D. Beirne  
Commissioner

Date:

2/11/81

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 139  
 Title An Act making a special appropriation to the Department Health & Social Services  
 Requested by Commissioner's Office Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Department of Health & Social Services  
 Program Category Affected Health/Division of Public Health  
 BRU, Program, or Subprogram(s) Affected Laboratories  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	15.7	63.7	68.8	74.3	80.2	86.7
200 TRAVEL	3.0	6.0	6.5	7.0	7.6	8.2
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
<b>TOTAL</b>	<b>18.7</b>	<b>69.7</b>	<b>75.3</b>	<b>81.3</b>	<b>87.8</b>	<b>94.9</b>

FUNDING (Thousands of Dollars)

GENERAL FUND	18.7	69.7	75.3	81.3	87.8	94.9
FEDERAL FUNDS	0	0	0	0	0	0
OTHER (Specify Fund Source)	0	0	0	0	0	0
	18.7	69.7	75.3	81.3	87.8	94.9

POSITIONS

FULL TIME	2	2	2	2	2	2
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Assume an inflation rate of 8%.

IV. DATE \_\_\_\_\_ PREPARED BY David Bruce, Deputy Director  
 AGENCY Public Health  
 PHONE 465-3090  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

*David Bruce*

**COMMITTEE REPORT**  
**HOUSE**

5/29/81

FURTHER:

(11)

Date: June 7, 1981

Mr. Speaker:

The Committee on FINANCE has had CSSB 140 (Fin) am

"An Act establishing a fishery product revolving loan fund and providing for loans and loan guarantees for commercial fish purchasers; and providing for an effective date."

under consideration and reports it back as follows:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for CSSB 140 (Fin)  same title  
 new title
- and recommends do pass
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

**MEMBERS SIGNING  
DO PASS**

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**MEMBERS HAVING  
OTHER RECOMMENDATIONS:**

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**CHAIRMAN**

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

HCS CSSB 140(Res)

I. REQUEST

Bill/Resolution No. HOUSE CS FOR SENATE BILL NO. 140(Res)  
Title Establishing a fishery product revolving loan fund, providing for loans and loan  
guarantees; appropriations for loan guarantees. Date 5/29/81

Requested by House Finance Committee

II. FISCAL DETAIL

Agency Affected Department of Revenue  
Program Category Affected Revenue Collection and Management  
BRU, Program, or Subprogram(s) Affected Treasury Management  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL		3.0				
300 CONTRACTUAL		5.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>8.0</b>				

FUNDING (Thousands of Dollars)

GENERAL FUND		8.0				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

-0-

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The appropriations bill, CSSB 141(Fin), appropriates \$40 million to the Department of Revenue, fish processing loan guarantee account. It does not appropriate funds for the Fishery Product Revolving Loan Fund.

CFAB and other commerical banks make the loans. Department of Revenue enters into agreements with CFAB or commerical bank. Above travel to review information as necessary at bank; contractual services for related professional advice (legal, etc.).

*Anselm C. Staack*

IV. DATE June 1, 1981 PREPARED BY Anselm C. Staack, Treasury Comptroller  
AGENCY Dept. of Revenue, Treasury Division  
PHONE 465-2351

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 140 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to loans and loan guarantees for  
7 commercial fish processors and purchasers and estab-  
8 lishing a fishery product revolving loan fund; and  
9 providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 \* Section 1. AS 45 is amended by adding a new chapter to read:

12 CHAPTER 91. FISHERY PRODUCT REVOLVING LOAN FUND.

13 Sec. 45.91.010. ESTABLISHMENT OF LOAN FUND. The fishery product  
14 revolving loan fund is established in the Department of Revenue.

15 Sec. 45.91.020. FISHERY PRODUCT LOANS. The department may pur-  
16 chase participations in loans made to fish processors with facilities  
17 located in Alaska and which are used to finance those processors' in-  
18 ventories of canned, frozen, or processed products from Alaska fish-  
19 eries.

20 Sec. 45.91.030. POWERS AND DUTIES OF THE DEPARTMENT. (a) The  
21 commissioner may

22 (1) designate agents and delegate powers to them as is  
23 necessary;

24 (2) adopt regulations to implement this chapter;

25 (3) make and execute contracts and other instruments to im-  
26 plement this chapter;

27 (4) purchase participations in notes and agreements securing  
28 loans in accordance with this chapter;

29 (5) require that loans in which the fund participates be

1 secured by adequate collateral;

2 (6) acquire real or personal property by purchase, transfer,  
3 or foreclosure when that acquisition is necessary to protect a note in  
4 which the fund has an interest.

5 (b) Money in the fund that is not being used for participations  
6 in fishery product loans must be invested by the department in the same  
7 manner as provided for the investment of general fund surplus under  
8 AS 37.10.070.

9 (c) Earnings and interest income from investment and fishery pro-  
10 duct loan participations must be transferred to the general fund. Re-  
11 payments of principal from investments and loan participations must be  
12 returned to the fund.

13 Sec. 45.91.040. LIMITATIONS ON LOANS. (a) Loan participations  
14 purchased under this chapter are subject to the following limitations:

15 (1) State participation in a single loan may not exceed 90  
16 percent of the total amount of the loan.

17 (2) The term of a loan may not exceed one year unless ex-  
18 tended under an arrangement made in accordance with (c) of this section.

19 (3) The loan must be secured by a pledge of the inventory  
20 being financed by the loan, by a pledge of the accounts receivable from  
21 that inventory, or by other collateral acceptable to all participants  
22 in the loan. The security interest taken by the state in the collateral  
23 must be at least equal in priority to the interests in the collateral  
24 of all other participants in the loan, and the proportion which the  
25 amount of the state's security interest bears to the total amount of  
26 collateral furnished to all participants in the loan shall at least  
27 equal the percentage of its participation in the total amount of the  
28 loan.

29 (4) The loan must be originated and serviced by either the

1 Alaska Commercial Fishing and Agriculture Bank (AS 44.81.010) or by a  
2 state or federally chartered financial institution.

3 (5) The servicing charge on the loan may not exceed one-half  
4 of one percent of the outstanding balance of the loan.

5 (6) The rate of interest, including all service fees, on the  
6 unpaid balance of the loan fund's participation in a loan shall float  
7 at the average rate at which six month U.S. Treasury bills are awarded  
8 in the weekly auction of U.S. Treasury bills, plus three and three-  
9 fourths percentage points, but may not exceed the applicable interest  
10 rate.

11 (7) Loans must be made only to fish processors with facil-  
12 ities located in Alaska.

13 (8) Loans may not be made to fish processors which are 50  
14 percent or more owned or controlled by aliens.

15 (b) Money in the fund shall be used to purchase participation in  
16 loans made to fish processors which are 50 percent or more owned or  
17 controlled by residents of the state until these processors needs for  
18 loans are met before the money in the fund may be used to purchase  
19 participation in loans made to fish processors which are less than 50  
20 percent owned or controlled by residents of the state.

21 (c) If the department is a participant in a loan to a fish proces-  
22 sor that has not been, or appears unlikely to be, fully repaid within  
23 the one-year term prescribed in (a)(2) of this section, the department  
24 may not participate in another loan to that processor until the out-  
25 standing loan to the processor has been paid.

26 (d) For the purposes of this section

27 (1) "alien" means

28 (A) an individual who is not a citizen or national of  
29 the United States, or who is not lawfully admitted to the United

1 States for permanent residence, or paroled into the United States  
2 under the Immigration and Nationality Act (8 U.S.C. secs. 1101 -  
3 1503), as amended;

4 (B) a person, other than an individual, that was not  
5 created or organized under the laws of the United States or of a  
6 state, or whose principal place of business is not located in any  
7 state; or

8 (C) a person, other than an individual, that was created  
9 or organized under the laws of the United States or of a state, or  
10 whose principal place of business is located in a state, and that  
11 is controlled by a person described in (A) or (B) of this para-  
12 graph;

13 (2) "control" means that a relationship exists between a  
14 person and fish processor in which the person exercises control con-  
15 sisting of

16 (A) owning directly or indirectly, or having the power  
17 to vote, the percentage indicated of any class of voting security  
18 of a fish processor organized as a corporation; or

19 (B) influencing or affecting in any substantive manner  
20 the election of a majority of the directors or trustees of a fish  
21 processor organized as a corporation;

22 (3) "person" means an individual, a corporation, a partner-  
23 ship, an association, a joint-stock company, an estate, a trust where  
24 the interests of the beneficiaries are evidenced by a security, an  
25 unincorporated association, a government, a political subdivision of a  
26 government, or a combination of these entities.

27 Sec. 45.91.050. SALE OR TRANSFER OF MORTGAGES AND NOTES. The de-  
28 partment may sell or transfer at par value or at a premium or discount  
29 to any bank or other private purchaser for cash or other consideration

1 the mortgages and notes held as security for loans made under this  
2 chapter. The proceeds from the sale or transfer are assets of the  
3 fund.

4 Sec. 45.91.060. DEFINITIONS. In this chapter

5 (1) "commissioner" means the commissioner of revenue;

6 (2) "department" means the Department of Revenue;

7 (3) "fish processor" means a person engaging in a business  
8 for which a license is required under AS 43.75.010 - 43.75.090;

9 (4) "facilities located in Alaska" means facilities at which  
10 fisheries products are canned, frozen, or otherwise processed for  
11 inventory, including floating facilities which are documented under the  
12 laws of the United States as defined in 46 U.S.C. 801, and operate  
13 within the three-mile limit or within historic bays and inland waters  
14 of the state;

15 (5) "fishery product" means fin fish, shellfish, and fish  
16 byproducts, including but not limited to salmon, halibut, herring,  
17 flounder, crab, clam, cod, shrimp, and pollock;

18 (6) "fund" means the fishery product revolving loan fund.

19 \* Sec. 2. LOAN GUARANTEES FOR COMMERCIAL FISH PURCHASERS. (a) The  
20 Alaska Commercial Fishing and Agriculture Bank or a state or federally  
21 chartered financial institution may

22 (1) make loans to provide financial assistance to commercial  
23 purchasers of the 1981 fish harvest;

24 (2) participate with state or federally chartered financial  
25 institutions in the making of loans to provide financial assistance to  
26 commercial purchasers of the 1981 fish harvest;

27 (3) enter into agreements with the Department of Revenue to  
28 provide guarantees from the 1981 fish processing loan guarantee account for  
29 up to 50 percent of the portion of a loan described in (1) and (2) of this

1 subsection held by a state or federally chartered financial institution or  
2 an institution of the federal farm credit system.

3 (b) A loan may not be guaranteed under (a)(3) of this section unless  
4 20 percent or more of the loan is held by the Alaska Commercial Fishing and  
5 Agriculture Bank or a state or federally chartered financial institution.

6 (c) There is created as a separate account in the general fund the  
7 1981 fish processing loan guarantee account. The 1981 fish processing loan  
8 guarantee account consists of assets appropriated to it from the general  
9 fund. The commissioner of revenue shall administer the 1981 fish processing  
10 loan guarantee account and may enter into agreements with the Alaska Commer-  
11 cial Fishing and Agriculture Bank or a state or federally chartered financial  
12 institution to use the assets of the 1981 fish processing loan guarantee  
13 account to provide guarantees for loans under (a)(3) of this section. The  
14 total amount of the guaranteed portion of loans guaranteed under (a)(3) of  
15 this section may not exceed \$40,000,000.

16 (d) A loan may not be guaranteed under this section unless the borrower  
17 is an individual who is a resident of the state, or is a corporation, part-  
18 nership, or joint venture in which a majority of the beneficial interest is  
19 owned by residents of the state and of which a majority of the owners are  
20 residents of the state.

21 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
22 070(c).

changes p. 5+6

Original sponsor: Rules/Governor

Offered: 5/29/81  
Referred: Finance

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2

HOUSE CS FOR CS FOR SENATE BILL NO. 140 (Resources)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act establishing a fishery product revolving loan fund and providing for loans and loan guarantees for commercial fish purchasers; and providing for an effective date."

7

8

9

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11

\* Section 1. AS 45 is amended by adding a new chapter to read:

12

CHAPTER 91. FISHERY PRODUCT REVOLVING LOAN FUND.

13

Sec. 45.91.010. ESTABLISHMENT OF LOAN FUND. The fishery product revolving loan fund is established in the Department of Revenue.

14

15

Sec. 45.91.020. FISHERY PRODUCT LOANS. The department may purchase participations in loans made to fish processors with facilities located in Alaska and which are used to finance those processors' inventories of canned, frozen, or processed products from Alaska fisheries.

16

17

18

19

20

Sec. 45.91.030. POWERS AND DUTIES OF THE DEPARTMENT. (a) The commissioner may

21

22

(1) designate agents and delegate powers to them as is necessary;

23

24

(2) adopt regulations to implement this chapter;

25

26

(3) make and execute contracts and other instruments to implement this chapter;

27

28

(4) purchase participations in notes and agreements securing loans in accordance with this chapter;

29

(5) require that loans in which the fund participates be

1 the mortgages and notes held as security for loans made under this  
2 chapter. The proceeds from the sale or transfer are assets of the  
3 fund.

4 Sec. 45.91.060. DEFINITIONS. In this chapter

5 (1) "commissioner" means the commissioner of revenue;

6 (2) "department" means the Department of Revenue;

7 (3) "fish processor" means a person engaging in a business  
8 for which a license is required under AS 43.75.010 - 43.75.090;

9 (4) "facilities located in Alaska" means facilities at which  
10 fisheries products are canned, frozen, or otherwise processed for  
11 inventory, including floating facilities which are documented under the  
12 laws of the United States as defined in 46 U.S.C. 801, and operate  
13 within the three-mile limit or within historic bays and inland waters  
14 of the state;

15 (5) "fishery product" means fin fish, shellfish, and fish  
16 byproducts, including but not limited to salmon, halibut, herring,  
17 flounder, crab, clam, cod, shrimp, and pollock;

18 (6) "fund" means the fishery product revolving loan fund.

19 \* Sec. 2. LOAN GUARANTEES FOR COMMERCIAL FISH PURCHASERS. (a) The  
20 Commercial Fishing and Agriculture Bank or a ~~commercial bank which has~~ *state or federally chartered*  
21 ~~financial institution~~ *financial institution*  
~~offices in the state~~ may

22 (1) make loans to provide financial assistance to commercial  
23 purchasers of the 1981 fish harvest;

24 (2) participate with ~~commercial banks~~ *state or federally chartered financial institutions*  
25 provide financial assistance to commercial purchasers of the 1981 fish  
26 harvest;

27 (3) enter into agreements with the Department of Revenue to  
28 provide guarantees from the fish processing loan guarantee account for up to  
29 50 percent of the portion of a loan described in (1) and (2) of this sub-

state or federally chartered financial institution

1 section held by a ~~commercial bank~~ or an institution of the federal farm  
2 credit system.

3 (b) A loan may not be guaranteed under (a)(3) of this section unless  
4 20 percent or more of the loan is held by the Commercial Fishing and Agricul-  
5 ture Bank or a ~~commercial bank which has offices in the state.~~ *state or federally chartered financial institution*

6 ~~(c) The commissioner of revenue may enter into agreements with the~~  
7 ~~Commercial Fishing and Agriculture Bank or a commercial bank which has~~  
8 ~~offices in the state to use the assets of the fish processing loan guarantee~~  
9 ~~account created in sec. 2(c), ch. 32, SLA 1980, to provide guarantees for~~  
10 ~~loans under (a)(3) of this section. The total amount of the guaranteed~~  
11 ~~portion of loans guaranteed under (a)(3) of this section may not exceed~~  
12 ~~\$40,000,000.~~

*new  
subsection  
(c)  
Attached*

13 (d) A loan may not be guaranteed under this section unless the borrower  
14 is an individual who is a resident of the state, or is a corporation, part-  
15 nership, or joint venture in which a majority of the beneficial interest is  
16 owned by residents of the state and of which a majority of the owners are  
17 residents of the state.

18 ~~(e) In this section, "commercial bank" means a bank chartered by the~~  
19 ~~United States or by a state of the United States.~~ *Delete*

20 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
21 070(c).



# Alaska State Legislature

## House of Representatives

### Committee on Resources

Terry Gardiner, Co-Chairman  
Fred F. Zharoff, Co-Chairman  
465-3715

Pouch V  
State Capitol  
Juneau, Alaska 99811

#### MEMORANDUM

TO: Finance Committee  
FROM: Rep. Terry Gardiner  
DATE: May 29, 1981  
RE: Amendments, CS SB 140

The Resources Committee made amendments to CS SB 140 to expand the use of the loan guarantee account from the ~~Commercial Fish and Agriculture Bank~~ to include all other commercial banks in the state. The bill, as drafted when arriving in the committee, provided that only the Commercial Fish and Agriculture Bank could use the loan guarantee account which is identical to the bill that was passed last year, Sec.2(c), Ch.32, SLA 1980. Thus the bill only referred back to that 1980 session law.

When expanding the use of the loan guarantee account from the CFAB to include all of the commercial banks, a drafting error was made in failing to realize that the 1980 law would also need to be amended.

Rather than using a cumbersome process of amending a 1980 law which was temporary legislation, it seems to me that it would be much easier just to recreate a fish processing loan guarantee account in this legislation and delete all references to the prior 1980 law. Thus I offer the following amendments which would accomplish that purpose.

Page 6, line 6-11: Delete the entire sub-section (c).

Page 6, line 6: Add the following:

"(c) There is created as a separate account in the general fund the fish processing loan guarantee account. The fish processing loan guarantee account consists of assets transferred to it from the general fund. The Commissioner of Revenue shall administer the fish processing loan guarantee account and may enter into agreements with the Commercial Fish and Agriculture Bank or a state or federally chartered financial institution which has offices in Alaska to use the assets of the fish processing loan guarantee account to provide guarantees for loans under (a) (3) of this section. The total amount of the guaranteed portion of loans

*appropriated*

guaranteed under (a) (3) of this section may not exceed  
\$40,000,000."

A compatible amendment must also be made with the CS SB 141, the appropriation bill.

Page 1, line 12: Delete "(Sec. 2(c), Ch. 32, SIA 1980)"

SB 140

February 3, 1981

The Honorable Jalmar Kerttula  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which would establish the fishery product revolving loan fund in the Department of Revenue. This bill is designed to provide short-term financing to fish processors with facilities located in Alaska. The Department of Revenue would be authorized under the bill to purchase participation interests in loans made by banks to fish processors. These loans would provide needed funds to fish processors to cover operating costs before the fishery products are sold.

I am also transmitting a bill appropriating money to the fund.

Sincerely,

*S/SSH*

Jay S. Hammond  
Governor

SENATE  
LETTER OF INTENT FOR SENATE BILL NO. 140

As it considered the fishery product revolving loan fund, the Legislature recognized the need for administrative discretion to ensure the successful and smooth operation of such a program. However, the Legislature wishes to avoid the possibility that a few large processors might monopolize the loan fund to the detrimental exclusion of many smaller processors. In deciding how to strike a balance between these two concerns, the Legislature has chosen not to impose statutory restraints at the expense of program flexibility, but instead has opted to express through this letter its intent about how the fish pack revolving loan fund should be kept open to large and small processors alike. While the Legislature also intends that the interim program of guarantees for fish pack loans through Fiscal Year 1982 be open to large and small processors, the intent expressed in this letter is directed particularly toward the revolving loan fund and not the interim program.

First of all, it is intended that not more than 10 percent of the loan fund be committed or loaned to a processor at any one time unless the loan needs of the other qualified processors are already met.

Second, the loans should not run ordinarily for more than one year. The Committee's substitute does not impose this as a requirement, but instead makes a processor ineligible for a new loan if an existing loan is not repaid within a one-year term. The Legislature believes the threat of being cut off from fish pack financing for the coming season

(Adopted as Senate Letter of Intent May 13, 1981)

will have a greater effect in getting a processor to pay off last season's pack loan than will the threat of foreclosing on last season's pack. Accordingly, it is intended that any agreement extending an existing loan will be made only near the end of the initial term of that loan and that, in any event, the coming season's pack will not be financed unless the processor has reasonably and diligently endeavored to pay off the existing loan.

Third, new loans should not automatically be made to a processor as old loans are paid off. The critical word in the last sentence is "automatically". There is nothing wrong if a processor qualifies for and receives fish pack financing from the fund year after year, but he must qualify and be credit-worthy each year. It is not intended that a loan to a processor one year will in any way become a line of credit or a reservation for a similar loan the next year.

Fourth, priority should be given to loan applications with the highest proportion of the total loan being financed from conventional lending institutions or the Commercial Fishing and Agriculture Bank (CFAB) instead of the loan fund. This creates an incentive for processors not to rely on the fund unduly and also helps make the money in the fund go further.

(Adopted as a Senate Letter of Intent May 13, 1981)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

CSSB 140(FIN)  
CSSB 141(FIN)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS FOR SENATE BILLS 140 & 141 (FIN)  
Title Establishing a fishery product revolving loan fund, providing for loans and loan  
~~REQUESTS~~ guarantees; appropriations for loan guarantees. Date 5/1/81

Requested by Senate Finance Committee

II. FISCAL DETAIL

Agency Affected Department of Revenue  
Program Category Affected Revenue Collection and Management  
BRU, Program, or Subprogram(s) Affected Treasury Management  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)  
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL		3.0				
300 CONTRACTUAL		5.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		8.0				

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		8.0				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

-0-

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The appropriations bill, CSSB 141(FIN), appropriates \$40 million to the Department of Revenue, fish processing loan guarantee account. It does not appropriate funds for the Fishery Product Revolving Loan Fund.

CFAB and other commercial banks make the loans. Department of Revenue enters into agreements with CFAB. Above travel to review information as necessary at CFAB; contractual services for related professional advice (legal, etc.).

IV. DATE May 6, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller  
AGENCY Dept. of Revenue, Treasury Division  
PHONE 465-2351

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

CSSB 140 (Res)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS FOR SENATE BILL NO. 140 (Res.)

Title Establishing a fishery product revolving loan fund

Requested by Senate Finance Committee

Date 3/16/81

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection and Management

BRU, Program, or Subprogram(s) Affected Treasury Management

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	13.1	52.2	57.4	63.2	69.5	76.4
200 TRAVEL	3.0	12.0	13.2	14.5	16.0	17.6
300 CONTRACTUAL	2.0	20.0	22.0	24.2	26.6	29.3
400 COMMODITIES	.2	.3	.3	.4	.4	.5
500 EQUIPMENT	2.0					
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	20.3	84.5	92.9	102.3	112.5	123.8

FUNDING (Thousands of Dollars)

	20.3	84.5	92.9	102.3	112.5	123.8
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	1	1	1	1	1	1
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Above includes salary and benefits for State Investment Officer II. Travel cost due to nature of fishing business and review requirements for loans. Contractual expenditures related to regulations, necessary professional services, space requirements, etc. Equipment for new position.

Costs shown in 81 are for a three-month period assuming immediate effective date bill. If not effective until new fiscal year, equipment costs should be moved to FY 82.

*Anselm C. Staack*

IV. DATE March 25, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller

AGENCY Dept. of Revenue/Treasury Division

PHONE 465-2351

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Original sponsor: Rules/Governor

Offered: 5/29/81  
Referred: Finance

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 140 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a fishery product revolving loan  
7 fund and providing for loans and loan guarantees for  
8 commercial fish purchasers; and providing for an  
9 effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 \* Section 1. AS 45 is amended by adding a new chapter to read:

12 CHAPTER 91. FISHERY PRODUCT REVOLVING LOAN FUND.

13 Sec. 45.91.010. ESTABLISHMENT OF LOAN FUND. The fishery product  
14 revolving loan fund is established in the Department of Revenue.

15 Sec. 45.91.020. FISHERY PRODUCT LOANS. The department may pur-  
16 chase participations in loans made to fish processors with facilities  
17 located in Alaska and which are used to finance those processors' in-  
18 ventories of canned, frozen, or processed products from Alaska fish-  
19 eries.

20 Sec. 45.91.030. POWERS AND DUTIES OF THE DEPARTMENT. (a) The  
21 commissioner may

22 (1) designate agents and delegate powers to them as is  
23 necessary;

24 (2) adopt regulations to implement this chapter;

25 (3) make and execute contracts and other instruments to im-  
26 plement this chapter;

27 (4) purchase participations in notes and agreements securing  
28 loans in accordance with this chapter;

29 (5) require that loans in which the fund participates be

1 secured by adequate collateral;

2 (6) acquire real or personal property by purchase, transfer,  
3 or foreclosure when that acquisition is necessary to protect a note in  
4 which the fund has an interest.

5 (b) Money in the fund that is not being used for participations  
6 in fishery product loans must be invested by the department in the same  
7 manner as provided for the investment of general fund surplus under  
8 AS 37.10.070.

9 (c) Earnings and interest income from investment and fishery pro-  
10 duct loan participations must be transferred to the general fund. Re-  
11 payments of principal from investments and loan participations must be  
12 returned to the fund.

13 Sec. 45.91.040. LIMITATIONS ON LOANS. (a) Loan participations  
14 purchased under this chapter are subject to the following limitations:

15 (1) State participation in a single loan may not exceed 90  
16 percent of the total amount of the loan.

17 (2) The term of a loan may not exceed one year unless ex-  
18 tended under an arrangement made in accordance with (c) of this section.

19 (3) The loan must be secured by a pledge of the inventory  
20 being financed by the loan, by a pledge of the accounts receivable from  
21 that inventory, or by other collateral acceptable to all participants  
22 in the loan. The security interest taken by the state in the collateral  
23 must be at least equal in priority to the interests in the collateral  
24 of all other participants in the loan, and the proportion which the  
25 amount of the state's security interest bears to the total amount of  
26 collateral furnished to all participants in the loan shall at least  
27 equal the percentage of its participation in the total amount of the  
28 loan.

29 (4) The loan must be originated and serviced by either the

1 Alaska Commercial Fishing and Agriculture Bank (AS 44.81.010) or by a  
2 state or federally chartered financial institution.

3 (5) The servicing charge on the loan may not exceed one-half  
4 of one percent of the outstanding balance of the loan.

5 (6) The rate of interest, including all service fees, on the  
6 unpaid balance of the loan fund's participation in a loan shall float  
7 at the average rate at which six month U.S. Treasury bills are awarded  
8 in the weekly auction of U.S. Treasury bills, plus three and three-  
9 fourths percentage points, but may not exceed the applicable interest  
10 rate.

11 (7) Loans must be made only to fish processors with facil-  
12 ities located in Alaska.

13 (8) Loans may not be made to fish processors which are 50  
14 percent or more owned or controlled by aliens.

15 (b) Money in the fund shall be used to purchase participation in  
16 loans made to fish processors which are 50 percent or more owned or  
17 controlled by residents of the state until these processors needs for  
18 loans are met before the money in the fund may be used to purchase  
19 participation in loans made to fish processors which are less than 50  
20 percent owned or controlled by residents of the state.

21 (c) If the department is a participant in a loan to a fish proces-  
22 sor that has not been, or appears unlikely to be, fully repaid within  
23 the one-year term prescribed in (a)(2) of this section, the department  
24 may not participate in another loan to that processor until the out-  
25 standing loan to the processor has been paid.

26 (d) For the purposes of this section

27 (1) "alien" means

28 (A) an individual who is not a citizen or national of  
29 the United States, or who is not lawfully admitted to the United

1 States for permanent residence, or paroled into the United States  
2 under the Immigration and Nationality Act (8 U.S.C. secs. 1101 -  
3 1503), as amended;

4 (B) a person, other than an individual, that was not  
5 created or organized under the laws of the United States or of a  
6 state, or whose principal place of business is not located in any  
7 state; or

8 (C) a person, other than an individual, that was created  
9 or organized under the laws of the United States or of a state, or  
10 whose principal place of business is located in a state, and which  
11 is controlled by a person described in (A) or (B) of this para-  
12 graph;

13 (2) "control" means that a relationship exists between a  
14 person and fish processor in which the person exercises control con-  
15 sisting of

16 (A) owning directly or indirectly, or having the power  
17 to vote, the percentage indicated of any class of voting security  
18 of a fish processor organized as a corporation; or

19 (B) influencing or affecting in any substantive manner  
20 the election of a majority of the directors or trustees of a fish  
21 processor organized as a corporation;

22 (3) "person" means an individual, a corporation, a partner-  
23 ship, an association, a joint-stock company, an estate, a trust where  
24 the interests of the beneficiaries are evidenced by a security, an  
25 unincorporated association, a government, a political subdivision of a  
26 government, or a combination of these entities.

27 Sec. 45.91.050. SALE OR TRANSFER OF MORTGAGES AND NOTES. The de-  
28 partment may sell or transfer at par value or at a premium or discount  
29 to any bank or other private purchaser for cash or other consideration

1 the mortgages and notes held as security for loans made under this  
2 chapter. The proceeds from the sale or transfer are assets of the  
3 fund.

4 Sec. 45.91.060. DEFINITIONS. In this chapter

5 (1) "commissioner" means the commissioner of revenue;

6 (2) "department" means the Department of Revenue;

7 (3) "fish processor" means a person engaging in a business  
8 for which a license is required under AS 43.75.010 - 43.75.090;

9 (4) "facilities located in Alaska" means facilities at which  
10 fisheries products are canned, frozen, or otherwise processed for  
11 inventory, including floating facilities which are documented under the  
12 laws of the United States as defined in 46 U.S.C. 801, and operate  
13 within the three-mile limit or within historic bays and inland waters  
14 of the state;

15 (5) "fishery product" means fin fish, shellfish, and fish  
16 byproducts, including but not limited to salmon, halibut, herring,  
17 flounder, crab, clam, cod, shrimp, and pollock;

18 (6) "fund" means the fishery product revolving loan fund.

19 \* Sec. 2. LOAN GUARANTEES FOR COMMERCIAL FISH PURCHASERS. (a) The  
20 Commercial Fishing and Agriculture Bank or a commercial bank which has  
21 offices in the state may

22 (1) make loans to provide financial assistance to commercial  
23 purchasers of the 1981 fish harvest;

24 (2) participate with commercial banks in the making of loans to  
25 provide financial assistance to commercial purchasers of the 1981 fish  
26 harvest;

27 (3) enter into agreements with the Department of Revenue to  
28 provide guarantees from the fish processing loan guarantee account for up to  
29 50 percent of the portion of a loan described in (1) and (2) of this sub-

1 section held by a commercial bank or an institution of the federal farm  
2 credit system.

3 (b) A loan may not be guaranteed under (a)(3) of this section unless  
4 70 percent or more of the loan is held by the Commercial Fishing and Agricul-  
5 ture Bank or a commercial bank which has offices in the state.

6 (c) The commissioner of revenue may enter into agreements with the  
7 Commercial Fishing and Agriculture Bank or a commercial bank which has  
8 offices in the state to use the assets of the fish processing loan guarantee  
9 account created in sec. 2(c), ch. 32, SLA 1980, to provide guarantees for  
10 loans under (a)(3) of this section. The total amount of the guaranteed  
11 portion of loans guaranteed under (a)(3) of this section may not exceed  
12 \$40,000,000.

13 (d) A loan may not be guaranteed under this section unless the borrower  
14 is an individual who is a resident of the state, or is a corporation, part-  
15 nership, or joint venture in which a majority of the beneficial interest is  
16 owned by residents of the state and of which a majority of the owners are  
17 residents of the state.

18 (e) In this section, "commercial bank" means a bank chartered by the  
19 United States or by a state of the United States.

20 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
21 070(c).

22  
23  
24  
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29

Original sponsor: Rules/Governor

Offered: 5/1/81  
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 140 (Finance) am  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a fishery product revolving loan  
7 fund and providing for loans and loan guarantees for  
8 commercial fish purchasers; and providing for an  
9 effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 \* Section 1. AS 45 is amended by adding a new chapter to read:

12 CHAPTER 91. FISHERY PRODUCT REVOLVING LOAN FUND.

13 Sec. 45.91.010. ESTABLISHMENT OF LOAN FUND. The fishery product  
14 revolving loan fund is established in the Department of Revenue.

15 Sec. 45.91.020. FISHERY PRODUCT LOANS. The department may pur-  
16 chase participations in loans made to fish processors with facilities  
17 located in Alaska and which are used to finance those processors' in-  
18 ventories of canned, frozen, or processed products from Alaska fish-  
19 eries.

20 Sec. 45.91.030. POWERS AND DUTIES OF THE DEPARTMENT. (a) The  
21 commissioner may

22 (1) designate agents and delegate powers to them as is  
23 necessary;

24 (2) adopt regulations to implement this chapter;

25 (3) make and execute contracts and other instruments to im-  
26 plement this chapter;

27 (4) purchase participations in notes and agreements securing  
28 loans in accordance with this chapter;

29 (5) require that loans in which the fund participates be

1 secured by adequate collateral;

2 (6) acquire real or personal property by purchase, transfer,  
3 or foreclosure when that acquisition is necessary to protect a note in  
4 which the fund has an interest.

5 (b) Money in the fund that is not being used for participations  
6 in fishery product loans must be invested by the department in the same  
7 manner as provided for the investment of general fund surplus under  
8 AS 37.10.070.

9 (c) Earnings and interest income from investment and fishery pro-  
10 duct loan participations must be transferred to the general fund. Re-  
11 payments of principal from investments and loan participations must be  
12 returned to the fund.

13 Sec. 45.91.040. LIMITATIONS ON LOANS. (a) Loan participations  
14 purchased under this chapter are subject to the following limitations:

15 (1) State participation in a single loan may not exceed 90  
16 percent of the total amount of the loan.

17 (2) The term of a loan may not exceed one year unless ex-  
18 tended under an arrangement made in accordance with (c) of this section.

19 (3) The loan must be secured by a pledge of the inventory  
20 being financed by the loan, by a pledge of the accounts receivable from  
21 that inventory, or by other collateral acceptable to all participants  
22 in the loan. The security interest taken by the state in the collateral  
23 must be at least equal in priority to the interests in the collateral  
24 of all other participants in the loan, and the proportion which the  
25 amount of the state's security interest bears to the total amount of  
26 collateral furnished to all participants in the loan shall at least  
27 equal the percentage of its participation in the total amount of the  
28 loan.

29 (4) The loan must be originated and serviced by either the

1 Alaska Commercial Fishing and Agriculture Bank (AS 44.81.010) or by a  
2 state or federally chartered financial institution.

3 (5) The servicing charge on the loan may not exceed one-half  
4 of one percent of the outstanding balance of the loan.

5 (6) The rate of interest, including all service fees, on the  
6 unpaid balance of one loan fund's participation in a loan shall float  
7 at the average rate at which six month U.S. Treasury bills are awarded  
8 in the weekly auction of U.S. Treasury bills, plus three and three-  
9 fourths percentage points, but may not exceed the applicable interest  
10 rate.

11 (7) Loans must be made only to fish processors with facil-  
12 ities located in Alaska.

13 (8) Loans may not be made to fish processors which are 80  
14 percent or more owned or controlled by aliens.

15 (b) Money in the fund shall be used to purchase participation in  
16 loans made to fish processors which are 50 percent or more owned or  
17 controlled by persons domiciled in Alaska until these processors needs  
18 for loans are met before the money in the fund may be used to purchase  
19 participation in loans made to fish processors which are less than 50  
20 percent owned or controlled by persons domiciled in Alaska.

21 (c) If the department is a participant in a loan to a fish  
22 processor that has not been, or appears unlikely to be, fully repaid  
23 within the one-year term prescribed in (a)(2) of this section, the  
24 department may not participate in another loan to that processor until  
25 the outstanding loan to the processor has been paid.

26 (d) For the purposes of this section

27 (1) "alien" means

28 (A) an individual who is not a citizen or national of  
29 the United States, or who is not lawfully admitted to the United

1 States for permanent residence, or paroled into the United States  
2 under the Immigration and Nationality Act (8 U.S.C. secs. 1101 -  
3 1503), as amended;

4 (B) a person, other than an individual, that was not  
5 created or organized under the laws of the United States or of a  
6 state, or whose principal place of business is not located in any  
7 state; or

8 (C) a person, other than an individual, that was created  
9 or organized under the laws of the United States or of a state, or  
10 whose principal place of business is located in a state, and which  
11 is controlled by a person described in (A) or (B) of this para-  
12 graph;

13 (2) "control" means that a relationship exists between a  
14 person and fish processor in which the person exercises control con-  
15 sisting of

16 (A) owning directly or indirectly, or having the power  
17 to vote, the percentage indicated of any class of voting security  
18 of a fish processor organized as a corporation; or

19 (B) influencing or affecting in any substantive manner  
20 the election of a majority of the directors or trustees of a fish  
21 processor organized as a corporation;

22 (3) "person" means an individual, a corporation, a partner-  
23 ship, an association, a joint-stock company, an estate, a trust where  
24 the interests of the beneficiaries are evidenced by a security, an  
25 unincorporated association, a government, a political subdivision of a  
26 government, or a combination of these entities.

27 Sec. 45.91.050. SALE OR TRANSFER OF MORTGAGES AND NOTES. The de-  
28 partment may sell or transfer at par value or at a premium or discount  
29 to any bank or other private purchaser for cash or other consideration

1 the mortgages and notes held as security for loans made under this  
2 chapter. The proceeds from the sale or transfer are assets of the  
3 fund.

4 Sec. 45.91.060. DEFINITIONS. In this chapter

5 (1) "commissioner" means the commissioner of revenue;

6 (2) "department" means the Department of Revenue;

7 (3) "fish processor" means a person engaging in a business  
8 for which a license is required under AS 43.75.010 - 43.75.090;

9 (4) "facilities located in Alaska" means facilities at which  
10 fisheries products are canned, frozen, or otherwise processed for  
11 inventory, including floating facilities which are documented under the  
12 laws of the United States as defined in 46 U.S.C. 801, and operate  
13 within the three-mile limit or within historic bays and inland waters  
14 of the state;

15 (5) "fishery product" means fin fish, shellfish, and fish  
16 byproducts, including but not limited to salmon, halibut, herring,  
17 flounder, crab, clam, cod, shrimp, and pollock;

18 (6) "fund" means the fishery product revolving loan fund.

19 \* Sec. 2. LOAN GUARANTEES FOR COMMERCIAL FISH PURCHASERS. (a) The  
20 Commercial Fishing and Agriculture Bank may

21 (1) make loans to provide financial assistance to commercial  
22 purchasers of the 1981 fish harvest;

23 (2) participate with commercial banks in the making of loans to  
24 provide financial assistance to commercial purchasers of the 1981 fish  
25 harvest;

26 (3) enter into agreements with the Department of Revenue to  
27 provide guarantees from the fish processing loan guarantee account for up to  
28 50 percent of the portion of a loan described in (1) and (2) of this sub-  
29 section held by a commercial bank or an institution of the federal farm

1 credit system.

2 (b) A loan may not be guaranteed under (a)(3) of this section unless  
3 20 percent or more of the loan is held by the Commercial Fishing and Agricul-  
4 ture Bank.

5 (c) The commissioner of revenue may enter into agreements with the  
6 Commercial Fishing and Agriculture Bank to use the assets of the fish pro-  
7 cessing loan guarantee account created in sec. 2(c), ch. 32, SLA 1980, to  
8 provide guarantees for loans under (a)(3) of this section. The total amount  
9 of the guaranteed portion of loans guaranteed under (a)(3) of this section  
10 may not exceed \$40,000,000.

11 (d) In this section, "commercial bank" means a bank chartered by the  
12 United States or by a state of the United States.

13 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
14 070(c).

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5/1/81

This is the  
fiscal note  
that accompanied  
the bill as  
it passed from  
SFC.

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

MAR 26 1981

JAY S. HAMMOND, GOVERNOR

POUCH 5  
JUNEAU, ALASKA 99811

March 26, 1981

The Honorable Don Bennett  
The Honorable M. E. Dankworth  
Co-Chairmen  
Senate Finance Committee  
Room 525 - Capitol Building  
Juneau, Alaska

Dear Senators Bennett and Dankworth:

Re: CS for Senate Bill No. 140 (Resources)

CS for Senate Bill No. 140 (Resources), an Act establishing a fishery product revolving loan fund, was referred on March 16, 1981 by the Senate Resources Committee to the Senate Finance Committee.

For the consideration of the Senate Finance Committee, I am enclosing a copy of a Fiscal Note prepared by Mr. Anselm Staack, Treasury Comptroller, Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson  
Special Assistant

RDS/rdh

cc: Joseph K. Donohue  
Deputy Commissioner  
Department of Revenue

Anselm Staack  
Treasury Comptroller  
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

CSSB 140 (Res)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS FOR SENATE BILL NO. 140 (Res.)

Title Establishing a fishery product revolving loan fund

Requested by Senate Finance Committee

Date 3/16/81

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection and Management

BRU, Program, or Subprogram(s) Affected Treasury Management

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	13.1	52.2	57.4	63.2	69.5	76.4
200 TRAVEL	3.0	12.0	13.2	14.5	16.0	17.6
300 CONTRACTUAL	2.0	20.0	22.0	24.2	26.6	29.3
400 COMMODITIES	.2	.3	.3	.4	.4	.5
500 EQUIPMENT	2.0					
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>20.3</b>	<b>84.5</b>	<b>92.9</b>	<b>102.3</b>	<b>112.5</b>	<b>123.8</b>

FUNDING (Thousands of Dollars)

<u>GENERAL FUND</u>	20.3	84.5	92.9	102.3	112.5	123.8
<u>FEDERAL FUNDS</u>						
<u>OTHER (Specify Fund Source)</u>						

POSITIONS

<u>FULL TIME</u>	1	1	1	1	1	1
<u>PART TIME</u>						
<u>TEMPORARY</u>						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Above includes salary and benefits for State Investment Officer II. Travel cost due to nature of fishing business and review requirements for loans. Contractual expenditures related to regulations, necessary professional services, space requirements, etc. Equipment for new position.

Costs shown in 81 are for a three-month period assuming immediate effective date bill. If not effective until new fiscal year, equipment costs should be moved to FY 82.

IV. DATE March 25, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller

AGENCY Dept. of Revenue/Treasury Division

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

PHONE 465-2351

COMMITTEE REPORT  
SENATE

3/16/81

FURTHER: None

Date: May 1, 1981

Mr. President:

The Committee on FINANCE has had SB 140  
establishing a fishery product revolving loan fund

under consideration and (~~a majority of the committee~~) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for SB 140 <sup>FINANCE</sup> ~~(Pass)~~  same title
- new title
- and recommends individual recommendations
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]

[Signature]

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\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]

[Signature] No Pass

[Signature] No Pass

\_\_\_\_\_

\_\_\_\_\_

[Signature]

CHAIRMAN

[Signature]

424181  
Berry ✓

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 140 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a fishery product revolving loan  
7 fund and providing for loans and loan guarantees for  
8 commercial fish purchasers; and providing for an  
9 effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 \* Section 1. AS 45 is amended by adding a new chapter to read:

12 CHAPTER 91. FISHERY PRODUCT REVOLVING LOAN FUND.

13 Sec. 45.91.010. ESTABLISHMENT OF LOAN FUND. The fishery product  
14 revolving loan fund is established in the Department of Revenue.

15 Sec. 45.91.020. FISHERY PRODUCT LOANS. The department may pur-  
16 chase participations in loans made to fish processors with facilities  
17 located in Alaska and which are used to finance those processors' in-  
18 ventories of canned, frozen, or processed products from Alaska fish-  
19 eries.

20 Sec. 45.91.030. POWERS AND DUTIES OF THE DEPARTMENT. (a) The  
21 commissioner may

- 22 (1) designate agents and delegate powers to them as is
- 23 necessary;
- 24 (2) adopt regulations to implement this chapter;
- 25 (3) make and execute contracts and other instruments to im-
- 26 plement this chapter;
- 27 (4) purchase participations in notes and agreements securing
- 28 loans in accordance with this chapter;
- 29 (5) require that loans in which the fund participates be

1       secured by adequate collateral;

2               (6) acquire real or personal property by purchase, transfer,  
3 or foreclosure when that acquisition is necessary to protect a note in  
4 which the fund has an interest.

5               (b) Money in the fund that is not being used for participations  
6 in fishery product loans must be invested by the department in the same  
7 manner as provided for the investment of general fund surplus under  
8 AS 37.10.070.

9               (c) Earnings and interest income from investment and fishery pro-  
10 duct loan participations must be transferred to the general fund. Re-  
11 payments of principal from investments and loan participations must be  
12 returned to the fund.

13       Sec. 45.91.040. LIMITATIONS ON LOANS. (a) Loan participations  
14 purchased under this chapter are subject to the following limitations:

15               (1) State participation in a single loan may not exceed 90  
16 percent of the total amount of the loan.

17               (2) The term of a loan may not exceed one year unless ex-  
18 tended under an arrangement made in accordance with (c) of this section.

19               (3) The loan must be secured by a pledge of the inventory  
20 being financed by the loan, by a pledge of the accounts receivable from  
21 that inventory, or by other collateral acceptable to all participants  
22 in the loan. The security interest taken by the state in the collateral  
23 must be at least equal in priority to the interests in the collateral  
24 of all other participants in the loan, and the proportion which the  
25 amount of the state's security interest bears to the total amount of  
26 collateral furnished to all participants in the loan shall at least  
27 equal the percentage of its participation in the total amount of the  
28 loan.

29               (4) The loan must be originated and serviced by either the

1 Alaska Commercial Fishing and Agriculture Bank (AS 44.81.010) or by  
2 state or federally chartered financial institution.

3 (5) The servicing charge on the loan may not exceed one-ha  
4 of one percent of the outstanding balance of the loan.

5 (6) The rate of interest, including all service fees, on t  
6 unpaid balance of one loan fund's participation in a loan shall floa  
7 at the average rate at which six month U.S. Treasury bills are award  
8 in the weekly auction of U.S. Treasury bills, plus three and three-  
9 fourths percentage points, but may not exceed the applicable interes  
10 rate.

11 (7) Loans must be made only to fish processors with faci  
12 ities located in Alaska.

13 (8) Loans may not be made to fish processors which are 8  
14 percent or more owned or controlled by aliens.

15 (b) Money in the fund shall be used to purchase participation  
16 loans made to fish processors which are 50 percent or more owned o  
17 controlled by persons domiciled in Alaska until these processors nee  
18 for loans are met before the money in the fund may be used to purcha  
19 participation in loans made to fish processors which are less than  
20 percent owned or controlled by persons domiciled in Alaska.

21 (c) If the department is a participant in a loan to a fish  
22 processor that has not been, or appears unlikely to be, fully repa  
23 within the one-year term prescribed in (a)(2) of this section, th  
24 department may not participate in another loan to that processor un  
25 the department and the processor make reasonable and realistic arra  
26 ments for the prompt and orderly repayment of the outstanding loa

27 (d) For the purposes of this section

28 (1) "alien" means

29 (A) an individual who is not a citizen or national

1 the United States, or who is not lawfully admitted to the United  
 2 States for permanent residence, or paroled into the United States  
 3 under the Immigration and Nationality Act (8 U.S.C. secs. 1101 -  
 4 1503), as amended;

5 (B) a person, other than an individual, that was not  
 6 created or organized under the laws of the United States or of a  
 7 state, or whose principal place of business is not located in any  
 8 state; or

9 (C) a person, other than an individual, that was creat  
 10 or organized under the laws of the United States or of a state, o  
 11 whose principal place of business is located in a state, and whic  
 12 is controlled by a person described in (A) or (B) of this para-  
 13 graph;

14 (2) "control" means that a relationship exists between a  
 15 person and fish processor in which the person exercises control con-  
 16 sisting of

17 (A) owning directly or indirectly, or having the power  
 18 to vote, the percentage indicated of any class of voting security  
 19 of a fish processor organized as a corporation; or

20 (B) influencing or affecting in any substantive manner  
 21 the election of a majority of the directors or trustees of a fi  
 22 processor organized as a corporation;

23 (3) "person" means an individual, a corporation, a partne  
 24 ship, an association, a joint-stock company, an estate, a trust wher  
 25 the interests of the beneficiaries are evidenced by a security, an  
 26 unincorporated association, a government, a political subdivision of  
 27 government, or a combination of these entities.

28 Sec. 45.91.050. SALE OR TRANSFER OF MORTGAGES AND NOTES. The  
 29 partment may sell or transfer at par value or at a premium or disco

1 to any bank or other private purchaser for cash or other consideration  
2 the mortgages and notes held as security for loans made under this  
3 chapter. The proceeds from the sale or transfer are assets of the  
4 fund.

5 Sec. 45.91.060. DEFINITIONS. In this chapter

6 (1) "commissioner" means the commissioner of revenue;

7 (2) "department" means the Department of Revenue;

8 (3) "fish processor" means a person engaging in a business  
9 for which a license is required under AS 43.75.010 - 43.75.090;

10 (4) "facilities located in Alaska" means facilities at which  
11 fisheries products are canned, frozen, or otherwise processed for  
12 inventory, including floating facilities which are documented under the  
13 laws of the United States as defined in 46 U.S.C. 801, and operate  
14 within the three-mile limit or within historic bays and inland waters  
15 of the state;

16 (5) "fishery product" means fin fish, shellfish, and fish  
17 byproducts, including but not limited to salmon, halibut, herring,  
18 flounder, crab, clam, cod, shrimp, and pollock;

19 (6) "fund" means the fishery product revolving loan fund.

20 \* Sec. 2. LOAN GUARANTEES FOR COMMERCIAL FISH PURCHASERS. (a) The  
21 Commercial Fishing and Agriculture Bank may

22 (1) make loans to provide financial assistance to commercial  
23 purchasers of the 1981 fish harvest;

24 (2) participate with commercial banks in the making of loans to  
25 provide financial assistance to commercial purchasers of the 1981 fish  
26 harvest;

27 (3) enter into agreements with the Department of Revenue to  
28 provide guarantees from the fish processing loan guarantee account for up to  
29 50 percent of the portion of a loan described in (1) and (2) of this sub-

1 section held by a commercial bank or an institution of the federal farm  
2 credit system.

3 (b) A loan may not be guaranteed under (a)(3) of this section unless  
4 20 percent or more of the loan is held by the Commercial Fishing and Agricul-  
5 ture Bank.

6 (c) The commissioner of revenue may enter into agreements with the  
7 Commercial Fishing and Agriculture Bank to use the assets of the fish pro-  
8 cessing loan guarantee account created in sec. 2(c), ch. 32, SLA 1980, to  
9 provide guarantees for loans under (a)(3) of this section. The total amount  
10 of the guaranteed portion of loans guaranteed under (a)(3) of this section  
11 may not exceed \$40,000,000.

12 (d) In this section, "commercial bank" means a bank chartered by the  
13 United States or by a state of the United States.

14 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
15 070(c).

6/2/81

Received after bill  
passed from Committee

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

HCS CSSB 140(Res)

I. REQUEST

Bill/Resolution No. HOUSE CS FOR SENATE BILL NO. 140(Res)  
 Title Establishing a fishery product revolving loan fund, providing for loans and loan  
~~Requested by~~ guarantees; appropriations for loan guarantees. Date 5/29/81

Requested by House Finance Committee

II. FISCAL DETAIL

Agency Affected Department of Revenue  
 Program Category Affected Revenue Collection and Management  
 BRU, Program, or Subprogram(s) Affected Treasury Management  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL		3.0				
300 CONTRACTUAL		5.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>8.0</b>				

FUNDING (Thousands of Dollars)

GENERAL FUND		8.0				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

-0-

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The appropriations bill, CSSB 141(Fin), appropriates \$40 million to the Department of Revenue, fish processing loan guarantee account. It does not appropriate funds for the Fishery Product Revolving Loan Fund.

CFAB and other commercial banks make the loans. Department of Revenue enters into agreements with CFAB or commercial bank. Above travel to review information as necessary at bank; contractual services for related professional advice (legal, etc.).

*Anselm C. Staack*

IV. DATE June 1, 1981 PREPARED BY Anselm C. Staack, Treasury Comptroller  
 AGENCY Dept. of Revenue, Treasury Division  
 Original: Legislative Finance PHONE 465-2351  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

5/11/81

Received after  
bill passed from  
committee .

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

CSSB 140(FIN)  
CSSB 141(FIN)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS FOR SENATE BILLS 140 & 141 (FIN)  
Title Establishing a fishery product revolving loan fund, providing for loans and loan  
~~XXXXXXXXXX~~ guarantees; appropriations for loan guarantees. Date 5/1/81

Requested by Senate Finance Committee

II. FISCAL DETAIL

Agency Affected Department of Revenue  
Program Category Affected Revenue Collection and Management  
BRU, Program, or Subprogram(s) Affected Treasury Management

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL		3.0				
300 CONTRACTUAL		5.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		8.0				

FUNDING (Thousands of Dollars)

GENERAL FUND		8.0				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

-0-

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The appropriations bill, CSSB 141(FIN), appropriates \$40 million to the Department of Revenue, fish processing loan guarantee account. It does not appropriate funds for the Fishery Product Revolving Loan Fund.

CFAB and other commerical banks make the loans. Department of Revenue enters into agreements with CFAB. Above travel to review information as necessary at CFAB; contractual services for related professional advice (legal, etc.).

IV. DATE May 6, 1981 PREPARED BY Anselm C. Staack, Treasury Comptroller  
AGENCY Dept. of Revenue, Treasury Division  
Original: Legislative Finance PHONE 465-2351  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

A M E N D M E N T

TO: CSSB 140(Fin)

Page 1, lines 6 - 29 and pages 2 - 6:

Delete all material and insert the following:

For an Act entitled: "An Act establishing a production credit revolving loan fund for Alaska fishery cooperatives; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

\* Section 1. AS 45 is amended by adding a new chapter to read:

CHAPTER 86. ALASKA FISHERY COOPERATIVE PRODUCTION CREDIT  
REVOLVING LOAN FUND.

Sec. 45.86.010. ESTABLISHMENT OF LOAN FUND. The Alaska fishery cooperative production credit revolving loan fund is established in the Department of Revenue.

Sec. 45.86.020. PRODUCTION CREDIT REVOLVING LOANS. The department may make production credit loans to fishery cooperatives to finance inventories of fresh, canned, frozen, or processed products from Alaska fisheries.

Sec. 45.86.030. POWERS AND DUTIES OF THE DEPARTMENT. (a) The commissioner may

(1) designate agents and delegate powers to them as necessary;

(2) adopt regulations to implement and administer the fund

and fishery cooperative production credit loans under this chapter;

(3) make and execute contracts and other instruments to implement this chapter;

(4) make loans and contracts in accordance with this chapter;

(5) acquire real or personal property by purchase, transfer, or foreclosure when that acquisition is necessary to protect a loan or note in which the fund has an interest.

(b) Money in the fund that is not being used for loans to fishery cooperatives must be invested by the department in the manner provided for the investment of general fund surplus under AS 37.10.070.

(c) Earnings and interest income from investments and loans shall be transferred to the general fund. Repayments of principal from investments and loans shall be returned to the revolving fund.

Sec. 45.08.040. LIMITATIONS ON LOANS. Loans made under this chapter are subject to the following limitations:

(1) state participation in a single loan may not exceed 90 percent of the total amount of the loan;

(2) the term of a loan may not exceed one year;

(3) the loan must be secured by inventory of fishery products or accounts receivable of the fishery cooperative and may not exceed 75 percent of the collateral taken as security;

(4) the loan must be originated by the Alaska Commercial Fishing and Agriculture Bank (AS 44.81.010) or by a state or federally chartered financial institution in the state;

(5) the servicing charge on a loan may not exceed one-half of one percent of the outstanding balance of the loan;

(6) the rate of interest, including all service fees, on the unpaid balance of a loan under the fund may not be fixed and shall be determined by the average interest rate at which six-month U.S. Treasury bills are awarded in the weekly auction of U.S. Treasury bills, plus three and three-quarters percentage points, but may not exceed the applicable interest rate;

(7) loans may be made only to fishery cooperatives.

Sec. 45.86.050. DEFINITIONS. In this chapter

(1) "commissioner" means the commissioner of revenue;

(2) "department" means the Department of Revenue;

(3) "fishery cooperative" means a cooperative organized under AS 10.15 for the purpose of engaging in a fishery business;

(4) "fishery products" means finfish, shellfish, and fish by-products, including but not limited to salmon, halibut, herring, flounder, crab, clam, cod, shrimp and pollock;

(5) "fund" means the Alaska fishery cooperative production credit revolving loan fund.

\* Sec. 2. This Act takes effect immediately in accordance with AS 01.-10.070(a).

*from Tom Williams*  
*4/8/81*

Amendment No. 1 -- On p. 2, line 16, delete all material after "(2)" and replace it with:

"if the fund is a participant in a loan to a fish processor that has not been, or appears unlikely to be, fully repaid within a year from the time the loan was made, then the fund may not participate in a new loan to that processor unless there is in effect a reasonable and realistic agreement, acceptable to all participants in the existing loan, under which the existing loan will be repaid in a prompt and orderly fashion;"

Amendment No. 2 -- On p. 2, lines 17-18, delete all material after "(3)" and replace it with:

"the participation of the fund must be ratably secured on at least an equal basis as the participations of all other participants in the loan, and it must be secured by the a pledge of the fish processor's inventory being financed by the loan or by the accounts receivable from that inventory or by other collateral acceptable to all participants in the loan;"

Original sponsor: Rules/Governor

Offered: 3/16/81  
Referred: Finance

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2

CS FOR SENATE BILL NO. 140 (Resources)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act establishing a fishery product revolving loan  
7 fund; and providing for an effective date."

8

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9

\* Section 1. AS 44.25 is amended by adding new sections to read:

10

ARTICLE 3. FISHERY PRODUCT REVOLVING LOAN FUND.

11

Sec. 44.25.040. ESTABLISHMENT OF LOAN FUND. The fishery product  
12 revolving loan fund is established in the Department of Revenue.

13

Sec. 44.25.045. FISHERY PRODUCT LOANS. The department may pur-  
14 chase participations in loans made to fish processors with facilities  
15 located in Alaska and which are used to finance those processors' in-  
16 ventories of canned, frozen, or processed products from Alaska fish-  
17 eries.

18

Sec. 44.25.050. POWERS AND DUTIES OF THE DEPARTMENT. (a) The  
19 commissioner may

20

(1) designate agents and delegate powers to them as is  
21 necessary;

22

(2) adopt regulations to implement AS 44.25.040 - 44.25.065;

23

(3) make and execute contracts and other instruments to im-  
24 plement AS 44.25.040 - 44.25.065;

25

(4) purchase participations in notes and agreements securing  
26 loans in accordance with AS 44.25.040 - 44.25.065;

27

(5) require that loans in which the fund participates be  
28 secured by adequate collateral;

29

(6) acquire real or personal property by purchase, transfer,

1 or foreclosure when that acquisition is necessary to protect a note in  
2 which the fund has an interest.

3 (b) Money in the fund that is not being used for participations  
4 in fishery product loans must be invested by the department in the same  
5 manner as provided for the investment of general fund surplus under  
6 AS 37.10.070.

7 (c) Earnings and interest income from investment and fishery pro-  
8 duct loan participations must be transferred to the general fund. Re-  
9 payments of principal from investments and loan participations must be  
10 returned to the fund.

11 Sec. 44.25.055. LIMITATIONS ON LOANS. (a) Loan participations  
12 purchased under AS 44.25.040 - 44.25.065 are subject to the following  
13 limitations:

14 (1) state participation in a single loan may not exceed 90  
15 percent of the total amount of the loan;

16 (2) the term of a loan may not exceed one year;

17 (3) the loan must be secured by inventory or accounts re-  
18 ceivable of the fish processor and may not exceed 75 percent of the  
19 appraised value of the collateral taken as security;

20 (4) the loan must be originated and serviced by either the  
21 Alaska Commercial Fishing and Agriculture Bank (AS 44.81.010) or by a  
22 state or federally chartered financial institution;

23 (5) the servicing charge on the loan may not exceed one-half  
24 of one percent of the outstanding balance of the loan;

25 (6) the rate of interest, including all service fees, on the  
26 unpaid balance of one loan fund's participation in a loan shall float  
27 at the average rate at which six month U.S. Treasury bills are awarded  
28 in the weekly auction of U.S. Treasury bills, plus three and three-  
29 fourths percentage points, but may not exceed the applicable interest

1 rate;

2 (7) loans must be made only to fish processors with facil-  
3 ities located in Alaska;

4 (8) loans may not be made to fish processors which are 80  
5 percent or more owned or controlled by aliens.

6 (b) Money in the fund shall be used to purchase participation in  
7 loans made to fish processors which are 50 percent or more owned or  
8 controlled by persons domiciled in Alaska until these processors needs  
9 for loans are met before the money in the fund may be used to purchase  
10 participation in loans made to fish processors which are less than 50  
11 percent owned or controlled by persons domiciled in Alaska.

12 (c) For the purposes of this section

13 (1) "alien" means

14 (A) an individual who is not a citizen or national of  
15 the United States, or who is not lawfully admitted to the United  
16 States for permanent residence, or paroled into the United States  
17 under the Immigration and Nationality Act (8 U.S.C. secs. 1101 -  
18 1503), as amended;

19 (B) a person, other than an individual, that was not  
20 created or organized under the laws of the United States or of a  
21 state, or whose principal place of business is not located in any  
22 state; or

23 (C) a person, other than an individual, that was created  
24 or organized under the laws of the United States or of a state, or  
25 whose principal place of business is located in a state, and which  
26 is controlled by a person described in (A) or (B) of this para-  
27 graph;

28 (2) "control" means that a relationship exists between a  
29 person and fish processor in which the person exercises control consist-

1 ing of

2 (A) owning directly or indirectly, or having the power  
3 to vote, the percentage indicated of any class of voting security  
4 of a fish processor organized as a corporation; or

5 (B) influencing or affecting in any substantive manner  
6 the election of a majority of the directors or trustees of a fish  
7 processor organized as a corporation;

8 (3) "person" means an individual, a corporation, a partner-  
9 ship, an association, a joint-stock company, an estate, a trust where  
10 the interests of the beneficiaries are evidenced by a security, an  
11 unincorporated association, a government, a political subdivision of a  
12 government, or a combination of these entities.

13 Sec. 44.25.060. SALE OR TRANSFER OF MORTGAGES AND NOTES. The de-  
14 partment may sell or transfer at par value or at a premium or discount  
15 to any bank or other private purchaser for cash or other consideration  
16 the mortgages and notes held as security for loans made under AS 44.-  
17 25.040 - 44.25.065. The proceeds from the sale or transfer are assets  
18 of the fund.

19 Sec. 44.25.065. DEFINITIONS. In AS 44.25.040 - 44.25.065

20 (1) "commissioner" means the commissioner of revenue;

21 (2) "department" means the Department of Revenue;

22 (3) "fish processor" means a person engaging in a business  
23 for which a license is required under AS 43.75.010 - 43.75.090;

24 (4) "facilities located in Alaska" means facilities at which  
25 fisheries products are canned, frozen, or otherwise processed for  
26 inventory, including floating facilities which are documented under the  
27 laws of the United States as defined in 46 U.S.C. 801, and operate  
28 within the three-mile limit or within historic bays and inland waters  
29 of the state;

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(5) "fishery product" means fin fish, shellfish, and fish byproducts, including but not limited to salmon, halibut, herring, flounder, crab, clam, cod, shrimp, and pollock;

(6) "fund" means the fishery product revolving loan fund.

\* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-070(c).

Introduced: 2/3/81  
Referred: Resources and  
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 140

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a fishery product revolving loan  
7 fund; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 44.25 is amended by adding new sections to read:

10 ARTICLE 3. FISHERY PRODUCT REVOLVING LOAN FUND.

11 Sec. 44.25.040. CREATION OF LOAN FUND. There is created in the  
12 Department of Revenue a fishery product revolving loan fund.

13 Sec. 44.25.045. FISHERY PRODUCT LOANS. The department may pur-  
14 chase participations in loans made to fish processors with facilities  
15 located in Alaska and which are used to finance processing of fishery  
16 products from Alaskan fisheries.

17 Sec. 44.25.050. POWERS AND DUTIES OF THE DEPARTMENT. (a) The  
18 commissioner may

19 (1) designate agents and delegate powers to them as is  
20 necessary;

21 (2) adopt regulations to implement AS 44.25.040 -- 44.25.065;

22 (3) make and execute contracts and other instruments to im-  
23 plement AS 44.25.040 -- 44.25.065;

24 (4) purchase participations in notes and agreements securing  
25 loans in accordance with AS 44.25.040 -- 44.25.065;

26 (5) require that loans in which the fishery product re-  
27 volving loan fund participates be secured by adequate collateral;

28 (6) acquire real or personal property by purchase, transfer,  
29 or foreclosure when that acquisition is necessary to protect a note in

1 which the fund has an interest.

2 (b) Money in the revolving loan fund that is not being used for  
3 participations in fishery product loans must be invested by the depart-  
4 ment in the same manner as provided for the investment of general fund  
5 surplus under AS 37.10.070.

6 (c) Earnings and interest income from investment and fishery pro-  
7 duct loan participations must be transferred to the general fund. Re-  
8 payments of principal from investments and loan participations must be  
9 returned to the fishery product revolving loan fund.

10 Sec. 44.25.055. LIMITATIONS ON LOANS. Loan participations pur-  
11 chased under AS 44.25.040 -- 44.25.065 are subject to the following  
12 limitations:

13 (1) state participation in a single loan may not exceed 90  
14 percent of the total amount of the loan;

15 (2) the term of a loan may not exceed one year;

16 (3) the loan must be secured by inventory or accounts re-  
17 ceivable of the fish processor and may not exceed 75 percent of the  
18 appraised value of the collateral taken as security;

19 (4) the loan must be originated and serviced by either the  
20 Alaska Commercial Fishing and Agriculture Bank (AS 44.81.010) or by a  
21 state or federally chartered financial institution;

22 (5) the servicing charge on the loan may not exceed one-half  
23 of one percent of the outstanding balance of the loan;

24 (6) the rate of interest, including all service fees, on the  
25 unpaid balance of one loan fund's participation in a loan shall float  
26 at the average rate at which six month U.S. Treasury bills are awarded  
27 in the weekly auction of U.S. Treasury bills, plus three and three-  
28 fourths percentage points, but may not exceed the applicable interest  
29 rate;

1 (7) loans must be made only to fish processors with facil-  
2 ities located in Alaska.

3 Sec. 44.25.060. SALE OR TRANSFER OF MORTGAGES AND NOTES. The de-  
4 partment may sell or transfer at par value or at a premium or discount  
5 to any bank or other private purchaser for cash or other consideration  
6 the mortgages and notes held as security for loans made under AS 44.-  
7 25.040 -- 44.25.065. The proceeds from such a sale or transfer are  
8 assets of the fishery product revolving loan fund.

9 Sec. 44.25.065. DEFINITIONS. In AS 44.25.040 -- 44.25.065

10 (1) "commissioner" means the commissioner of revenue;

11 (2) "department" means the Department of Revenue;

12 (3) "fish processor" means a person engaging in a business  
13 for which a license is required under AS 43.75.010 -- 43.75.090;

14 (4) "fishery product" means fin fish, shellfish, and fish  
15 byproducts, including but not limited to salmon, halibut, herring,  
16 flounder, crab, clam, cod, shrimp, and pollock;

17 (5) "fund" means the fishery product revolving loan fund.

18 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
19 070(c).



From The  
**SENATE  
FINANCE COMMITTEE**

---

*See back-up  
in SB 141 file*

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 26, 1981

SUBJECT: Fish processors loans  
(SB 140)

TO: Senator Richard I. Eliason

FROM: Billy G. Berrier *BGB*  
Director  
Division of Legal Services

SB 140 and CSSB 140 (Res) both provide in sec. 44.-  
25.055(a)(4) that

(4) the loan must be originated and serviced by either the Alaska Commercial Fishing and Agriculture Bank (AS 44.81.010) or by a state or federally chartered financial institution;

The Alaska Commercial Fishing and Agriculture Bank has a resident borrower provision in AS 44.81.210(a)(1) which provides:

"Sec. 44.81.210. POWERS OF THE BANK. (a) The bank may

(1) make variable rate or fixed rate loans to individuals who are residents and who are engaged in commercial agriculture or fishing, including harvesters, processors, suppliers and marketers, or to corporations, partnerships or joint ventures engaged in commercial agriculture or fishing, the majority interest of which is beneficially owned by residents of the state and a majority of the owners of which are residents of the state, if the recipient of the loan is a member of the bank; however, the bank may make a loan under this paragraph to a corporation, partnership, or joint venture for the purchase of a new or existing fishing vessel or for the repair or renovation of an existing fishing vessel, the primary purpose of which is to

Senator Richard I. Eliason

Page 2

March 26, 1981

commercially harvest fishery resources, only if the corporation, partnership, or joint venture is wholly owned and controlled by residents of the state and if the recipient of the loan is a member of the bank."

You have asked whether these limitations will apply to loans made under sec. 44.25.055(a)(4). In my opinion they would since that section does not grant additional loan power to C.F.A.B. and appears to contemplate loans made under the normal powers of the lenders.

If it were desired that these limitations not apply to loans made under SB 140 I would suggest that at the end of sec. 44.-25.055(a)(4) a specific exemption be made. Suggested language for the exemption is

. . . but loans for which participation is purchased are not subject to the residency requirement of AS 44.-81.210(a).

BGB:ljb

JB 140



Official Business

# Alaska State Legislature

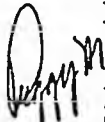
Senate  
Office of the Secretary

Pouch V  
State Capitol  
Juneau, Alaska 99811

MEMORANDUM

February 10, 1981

TO: Senators Bennett and Dankworth  
Co-Chairmen  
Finances Committee

FROM:  Peggy Mulligan  
Secretary of the Senate

SUBJECT: Alaska Renewable Resources Corporation  
1980 Report

The President has referred the attached report to your committee.

Alaska  
Renewable  
Resources  
Corporation

February 9, 1981

*Box 1647, 99802*  
526 Main Street  
Juneau, Alaska  
99801  
(907) 465-4616

The Honorable Jalmar M. Kerttula  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Senator Kerttula:

Pursuant to SB 140 "An Act relating to financial assistance for commercial purchasers of salmon. . .", the following report summarizes lending and investment activities undertaken by the Alaska Renewable Resources Corporation for the period ending December 31, 1980.

P.O. Box 828  
Anchorage, Alaska  
99510  
(907) 279-5602  
or (907) 272-2508

Investments and loans made under the Commercial Fish Purchasers Assistance Fund totaled \$12,564,425 on December 31, 1980. By the end of January 1981, the termination date of SB 140, the \$15 million fund had been fully committed. ARRC assisted fish purchasers, processed, transported and marketed over 20 million pounds of product and employed over 1,000 seasonal workers. Each investee is more fully described below.

ALASKA FOOD COMPANY. (\$500,000 in equity for 47% of outstanding stock; \$1,000,000 in subordinated convertible debt; \$2,000,000 in senior debt secured by plant and vessel) total investment: \$3,500,000.

The NEFCO bankruptcy enabled ARRC and a group of Alaskan entrepreneurs to acquire the Kodiak Gibson Cove facility. The company employs over 150 local people and purchases a broad variety of product from local fishermen. In joint-venture with Ball Brothers, Inc., Alaska Food transported Bristol Bay sockeye to Vancouver, B. C. for canned product. This experimental program was profitable.

The facility is the only one in Alaska known to be planning a whitefish (bottomfish) line in 1981. The firm is seeking additional capital from a variety of sources to finance the whitefish expansion. Cost of the expansion is budgeted at \$2.5 million. The firm has initiated a subsidiary company for seafood marketing.



The Honorable Jalmar M. Kerttula  
Page Two

BALL BROTHERS, INC. (\$500,000 in equity for 40% of outstanding stock; \$3,000,000 in senior debt secured by real property and equipment; \$840,873 in short-term revolving pack financing) total investment: \$4,340,873.

Ball Brothers, Inc., buys, processes fish in Dillingham, and transports finished and round fish product to Anchorage and Kenai processors for custom processing and/or direct sale. The company was in serious financial trouble and would not have been operational for the 1980 season without ARRC assistance. The company moved nearly 4 million pounds of product and employed over 125 seasonal workers. Product inventory is currently being liquidated. The company requires substantial managerial improvement but should break even this year. Continued dependence upon ARRC is probable. No pay down on term indebtedness is expected this year. The repayment schedule on term indebtedness has been rescheduled.

SALAMATOF SEAFOOD, INC. (\$2,034,109 debt secured by second deed of trust on Kenai main plant; \$316,111 in equity) total investment: \$2,350,220.

Salamatof is a major fresh/frozen product processor located on the Kenai River. The Kenai plant is new, well laid out, and constitutes 17% of Kenai Peninsula freezing capacity. The company processed several million pounds of product during the 1980 season but lost control of in-plant and field costs. At the close of the season, the company had trade payables of over \$1,200,000, owed funds to over 200 fishermen, and was in default on a number of provisions in ARRC's investment agreement.

In September, ARRC dispatched an audit team to the company. Upon receiving audit figures confirming the poor financial status of the company ARRC called the Waterer Loan, taking Waterer's 15 shares (42% ownership) in the company and accepted Waterer's resignation as President and Director on November 13, 1980. In December, ARRC also acquired the stock held by an Ohio investor. ARRC now owns 100% of the company.

A petition for bankruptcy under Chapter 11 (reorganization) has been filed. ARRC plans to operate the facility during the 1981 season and to submit a reorganization plan to the court in the fall. An experienced manager has been hired and negotiations are now underway with customers for custom processing.



The Honorable Jalmar M. Kerttula  
Page Three

ICICLE SEAFOODS. (\$1,950,000 short-term pack loan secured by inventory) total investment: \$1,950,000.

When final audit figures for the year ending March, 1980, revealed a loss of over \$2,500,000 on 1979 operations, several banks which had provided short-term credit to Icicle threatened to withdraw funds to continue with its 1980 salmon season. ARRC's loan enabled Rainier, the lead bank, to restructure the group of banks involved in the credit, thus reducing the risk of bank initiated foreclosure proceedings as had occurred at NEFCO. The initial participation by ARRC was at \$3 million. The amount shown above reflects pay down on the 1980 pack line.

On January 28, 1981, ARRC committed to a \$5 million investment in Icicle. Subsequently SOHIO has agreed to join ARRC with an investment of \$1.5 million. These funds, coupled with new term debt, will enable the firm to properly finance the dramatic growth which it has enjoyed over the past five years. ARRC evaluated the company carefully over a three month period and concluded that the firm's management and product markets are basically sound. Rapid growth, cost overruns on recent capital construction projects, and failure to properly capitalize the firm's growth, led to the clear need for the venture capital injection.

Of ARRC's \$5 million commitment, \$3.5 million will come from the Commercial Fish Purchasers Assistance Fund, and \$1.5 million from ARRC's regular FY 81 capital appropriation. The company will be required to undertake specific programs designed to strengthen it. When the investment is concluded, ARRC will own a substantial equity in Icicle below its 49% limitation. There will be provisions for equity repurchase by Icicle, its employees and fishermen.

MARTIN CLARK d/b/a CLARK CONSTRUCTION. (\$373,332 debt secured by equipment) total investment: \$410,000.

A smaller buyer and transhipper of high quality salmon located in Dillingham, Clark moved approximately one million pounds of product this year. ARRC's loan enabled Clark to acquire and install ice producing machinery vitally needed to improve product quality in Bristol Bay. Clark sells ice to other processors as well as engaging in fish buying and shipping. Clark is in financial difficulty. ARRC is providing technical assistance.

AMERICAN EAGLE. (\$50,000 working capital loan secured by personal guarantees) total investment: \$200,000.



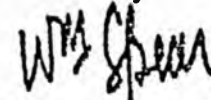
The Honorable Jalmar M. Kerttula  
Page Four

Four entrepreneur/fishermen acquired a WWII vessel and have converted it to a floating processor. ARRC made a working capital loan of \$150,000 and followed up with an additional \$50,000 out of the special fund after the season had begun. In addition to the normal difficulties of a start-up operation the business has suffered from conflict between the owners as well as mechanical problems. Operations for salmon were conducted in the False Pass area.

This venture continues in its attempts to reorganize. ARRC is currently reviewing a plan for mechanical and organizational changes.

To some extent, all of these companies, which are Alaska owned and controlled, will all require a pack line of credit for the 1981 season. Icicle alone, for instance, may need around \$35 million. For this reason, ARRC and the companies in which it has invested are watching SB 140 (pack financing) with special interest. They hope that as Alaskan companies, their credit requirements will receive priority over their non-Alaskan competitors.

Sincerely,



William E. Spear  
Chairman



WOULD YOU TAKE THIS TO THE SENATE HEARINGS THIS MORNING AND READ IT FOR ME CONCERNING ~~SB~~ <sup>HB</sup> 140.

STATEMENT

~~SB~~ <sup>HB</sup> 140

GENTLEMEN:

MY NAME IS THOMAS THOMPSONUND I AM PRESIDENT AND SOLE OWNER OF SITKA SOUND SEAFOODS, INC., LOCATED IN SITKA, ALASKA, AND INCORPORATED IN THE STATE OF ALASKA. I EMPLOY FROM 25 TO 100 WORKERS IN A NORMAL YEAR, AND THE MAJORITY LIVE IN SITKA. I PURCHASE SEAFOOD PRODUCTS FROM WASHINGTON AND ALASKAN FISHERMEN AND DEAL IN CRAB, HERRING, HALIBUT, SABLEFISH, MISCELLANEOUS BOTTOM FISH, TROLL SALMON, SEA URCHINS, ABALONE AND SALMON.

MY PLANT PRODUCED APPROXIMATELY 4,700,000 POUNDS OF PRODUCT DURING 1980 WITH A VALUE OF \$4,229,378. ~~UNDEVELOPED SPECIES: 667,814 UNDEVELOPED SPECIES.~~ <sup>SEAS</sup> THE VALUE STATED IS TO THE FISHERMEN. THE VOLUME OF FISH PRODUCTS LANDED AT THIS PLANT WAS FROM THE FOLLOWING:

TROLLERS	585
HALIBUT/SABLE	165
SALMON SEINED	18
ROE/BAIT HERRING	6
BOTTOM FISH	231
OTHER	7
	781 TOTAL

THIS MEANS THAT WITH AN AVERAGE OF TWO PERSONS PER BOAT WE HAD 1,700 INDIVIDUALS INVOLVED FISHING OUT OF SITKA.

I URGE PASSAGE OF HB 140, FOR IT IS GETTING INCREASINGLY DIFFICULT FOR SEAFOOD COMPANIES TO OBTAIN BANK FINANCING, CAUSED BY THE RATHER POOR PERFORMANCE OF MANY DURING THE PAST TWO YEARS. THE REASON FOR THE POOR PERFORMANCE WAS SOME WHAT CAUSED BY MANAGEMENT, BUT MAINLY BECAUSE OF THE HIGH COST OF ENERGY WHICH HAS TRIPLED IN THE PAST FEW YEARS PER POUND, THE HIGH INTEREST FORCED ON THEM, SOMETIMES REACHING 24 PERCENT, WHICH MAKES THE INVESTMENT IN FISHERIES PRODUCTS ALMOST PROHIBITIVE IF AN INVENTORY HAS TO BE HELD FOR ANY LENGTH OF TIME. THE GENERAL ECONOMY OF THE U.S. AND MOST OF THE WORLD HAS BEEN BAD AND WE HAVE EXPERIENCED A SEVERE RELUCTANCE ON THE PART OF OUR CUSTOMERS TO STOCK ANY LARGE AMOUNT OF PRODUCT. I AM SURE THE HIGH INTEREST RATE THEY MUST PAY IS THE MAIN REASON FOR SLOW SALES.

I FEEL THAT COMPANIES SUCH AS MINE MUST STRIVE TO OPERATE IN A MANNER SO WE CAN ENSURE THE JOBS OF OUR EMPLOYEES, AND ALSO TO MAKE CERTAIN THAT THE MANY PEOPLE MAKING THEIR LIVING FROM THE SEA CAN CONTINUE TO HAVE A REALISTIC INCOME TO COVER THE HIGH INVESTMENTS MADE.

I AM CERTAIN THAT THE PASSAGE OF THIS BILL WILL BE OF BENEFIT TO ALL OF US IN FISHERIES, BOTH PROCESSOR AND FISHERMAN, AND ASK THAT IT BE GIVEN YOUR SERIOUS CONSIDERATION AS SOON AS POSSIBLE. WE ARE ALREADY INTO THE RECEIVING SEASON IN MANY AREAS, AND MANY ARE HAVING DIFFICULTIES IN OBTAINING PACK FINANCE.

IF PASSED, I ENCOURAGE THE LANGUAGE OF THE BILL WILL PROVIDE FOR SERIOUS POLICING OF THE FUNDS, AND THAT CAN BE BEST EFFECTED BY THE LEGITIMATE BANKS HANDLING THE COLLATERAL TRANSACTIONS.

THANK YOU FOR YOUR TIME AND ATTENTION, AND FEEL FREE TO CALL ON ME IF THERE IS FURTHER INFORMATION THAT MAY BE OF ASSISTANCE IN MAKING THIS IMPORTANT DECISION.

T. E. THOMPSON, PRESIDENT  
SITKA SOUND SEAFOODS, INC.

IN THE SECOND PARAGRAPH THE VALUE FOR 1980 SHOULD READ \$4,299,378, AND THE POUNDS TERMED DEVELOPED SHOULD READ 4,073,000.

THANKS

SB 140

February 3, 1981

The Honorable Jalmar Kerttula  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which would establish the fishery product revolving loan fund in the Department of Revenue. This bill is designed to provide short-term financing to fish processors with facilities located in Alaska. The Department of Revenue would be authorized under the bill to purchase participation interests in loans made by banks to fish processors. These loans would provide needed funds to fish processors to cover operating costs before the fishery products are sold.

I am also transmitting a bill appropriating money to the fund.

Sincerely,

*S/SSH*

Jay S. Hammond  
Governor

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. \_\_\_\_\_  
Title An Act establishing a fish pack revolving loan fund."  
Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Department of Revenue  
Program Category Affected Revenue Collection and Management  
BRU, Program, or Subprogram(s) Affected Treasury Management

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	13.1	52.2	57.4	63.2	69.5	76.4
200 TRAVEL	3.0	12.0	13.2	14.5	16.0	17.6
300 CONTRACTUAL	2.0	2.0	2.2	2.4	2.7	2.9
400 COMMODITIES	.2	.3	.3	.4	.4	.5
500 EQUIPMENT	2.0					
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>20.3</b>	<b>66.5</b>	<b>73.1</b>	<b>80.5</b>	<b>88.6</b>	<b>97.4</b>

FUNDING (Thousands of Dollars)

GENERAL FUND	20.3	66.5	73.1	80.5	88.6	97.4
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	1	1	1	1	1	1
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Above includes salary and benefits for State Investment Officer II. Travel cost due to nature of fishing business and review requirements for loans. Contractual expenditures for advertising for regulations, etc. Equipment for State Investment Officer.

Costs shown in FY 81 are for a three month period assuming the bill would pass by March 31. If not effective until new fiscal year, equipment costs should be moved to FY 82.

Above is predicated on use of Alaska financial institutions as seller-servicer.

*Anselm C. Staack*

IV. DATE January 26, 1981 PREPARED BY Anselm C. Staack, Treasury Comptroller  
AGENCY Dept. of Revenue/Treasury Division  
PHONE 465-2351

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

1	POSITION TITLE State Investment Officer II				RANGE/STEP 22A	BARG. UNIT. X	LOCATION Juneau	GOV	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE	LEG		
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:  Necessary to implement and monitor new Fish Pack Revolving Loan Fund.  Investment Officer will review and screen loan applications. Analyzes overall value and security and approves loan for purchase/participation. Confer with affected agencies and institutions to maintain smooth revolving loan program. Works with Alaska financial institutions for participations.				
	1	2	3							
4	PERSONAL SERVICES: SALARY 3,494 x 12		41,928							
5	BENEFITS 41,928 x .1533		6,428							
6	FICA SBP		2,004							
7	HEALTH INS. Mo. Fix. 12x150		1,800							
8	TOTAL PERSONAL SERVICES 01		52,160							
9	TRAVEL 02		12,000							
10	CONTRACTUAL 03		2,000							
11	COMMODITIES 04		300							
12	EQUIPMENT 05		2,000							
13	OTHER									
14	TOTAL COST		68,460							
	CODE	FUNDING SOURCE								
15		FED RCPTS. 1002								
16		GF MATCH. 1003								
17		GEN. FUND 1004		68,460						
18		I-A RCPTS. 1005								
19		PGM RCPTS 1028								
20		OTHER								
21	CONTINUATION		FOR B&M USE ONLY							
22	ADDITION XX									
4A KEY NUMBER		COLUMN NO.								

AGENCY Department of Revenue PROGRAM Revenue Collection and Management

BRU Treasury Management

COMPONENT \_\_\_\_\_

**13 REQUEST FOR NEW POSITION**

Page 1 of 1

REVISED DATE 1/26/81

**FY 82**